DARPA SBIR/STTR PHASE II PROPOSAL INSTRUCTIONS AND INFORMATION

Phase II Proposal Submission to DARPA is by Invitation Only

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A. General Information

Only those firms that have been awarded a Phase I Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) contract will be considered for a Defense Advanced Research Projects Agency (DARPA) SBIR/STTR Phase II contract. Additionally, Phase II proposals MUST be invited by the appropriate DARPA Program Manager.

Phase II proposals require a comprehensive technical statement of work. Phase II awards will typically cover a period of twenty-four (24) months. The number of Phase II awards will depend on Phase I results and availability of funds. DARPA is not obligated to make any awards under Phase II, and the Government is not responsible for any monies expended by the contractor before the award of any contract.

B. DoD Submission Site

DARPA requires electronic submission of Coversheets, Technical and Cost proposals and Company Commercialization Report. Only proposals submitted through the DoD Electronic Submission Site at www.dodsbir.net submission will be accepted or considered for award. **PLEASE DO NOT ENCRYPT OR PASSWORD PROTECT YOUR TECHNICAL PROPOSAL.**

C. Cost and Pricing Data

An on-line cost proposal form can be found at the DoD submission site www.dodsbir.net/submission for your use. The use of this form is REQUIRED.

D. Type of Funding Agreement

DARPA Phase II awards are typically Cost-Plus-Fixed-Fee contracts; however, DARPA may choose to award a Firm Fixed Price Phase II contract or an Other Transaction (OT) on a case-by-case basis. Visit http://www.darpa.mil/Opportunities/SBIR_STTR/Small_Business_OTs.aspx for more information on Other Transactions.

- Companies that choose to collaborate with a University must highlight the research that is being performed by the University and verify that the work is FUNDAMENTAL RESEARCH.
- Companies are strongly encouraged to pursue implementing a government acceptable cost accounting system during the Phase I project to avoid delay in receiving a Phase II award. Phase II contractors MUST have an acceptable system to record and control costs, including procedures for job costing and time record keeping. Items such as overhead and G&A rates WILL require logical supporting documentation during the audit process. FAILURE TO PASS A DEFENSE CONTRACTS AUDIT AGENCY (DCAA) AUDIT MAY POTENTIALLY RESULT IN TERMINATION OF CONTRACT NEGOTIATIONS. Visit www.dcaa.mil and download the "Information for Contractors" guide for more information.

E. Average Dollar Value of Awards (Phase II)

DARPA Phase II proposals with a topic from any **solicitation prior to 10.3** should be structured as a 24 month effort in two equal increments of approximately \$350,000 each. The entire Phase II base effort should generally not exceed \$750,000.

DARPA Phase II proposals with a topic **from the 10.3 solicitation (or** any solicitation **subsequent to 10.3**) should be structured as a 24month effort in two equal increments of approximately \$500,000 each. The entire Phase II base effort should generally not exceed \$1,000,000.

These differences reflect changes to the Phase II award threshold, which was implemented in July, 2010.

Phase II Option: PHASE II OPTION MUST BE INCLUDED AS PART OF THE PHASE II PROPOSAL. DARPA has implemented the use of a Phase II Option that may be exercised at the DARPA Program

Manager's discretion to continue funding Phase II activities that will further mature the technology for insertion into a larger DARPA Program or DoD Acquisition Program. The Phase II Option, which must be included as part of the Phase II proposal, covers activities over a period of up to 24 months and should describe Phase II activities that may lead to the successful demonstration of a product or technology. The Phase II Option must be included within the 40-page technical proposal limit for the Phase II proposal.

A Phase II Cost Proposal (\$1,000,000 maximum) must be submitted in detail online. Proposers who submit a Phase II proposal must complete the Phase II Cost Proposal, not to exceed the maximum dollar amount of \$1,000,000, and a Phase II Option Cost Proposal (if applicable), not to exceed the maximum dollar amount of \$750,000. Phase II and Phase II Option costs must be shown separately but may be presented side-by-side on a single Cost Proposal (the Cost Proposal DOES NOT count toward the 40-page Phase II proposal limit). Phase II awards and options are subject to the availability of funds.

If selected, the government may elect not to include the option in the negotiated contract.

F. Modifications or Withdrawal of Proposals

1. Modification

Late modifications of an otherwise scientifically successful proposal, which makes its terms more favorable to the Government, may be considered and may be accepted.

2. Withdrawal

Proposals may be withdrawn by written notice at any time. Proposals may be withdrawn in person by an offeror or his authorized representative, provided his identity is made known and he signs a receipt for the proposal.

G. Proposal Requirements

A Phase II proposal must provide sufficient information to convince the Government that the proposed continuation of work represents a likely solution to the scientific or engineering problem and is worthy of support. The overall program research objectives, as well as the Phase II objectives, shall be described in detail. **End user transition and commercialization plans are also required.** Phase I results shall be stated in the context of Phase II objectives. Objectives shall be defined to include milestones, deliverables, applications, restrictions, etc.

H. Eligibility, Limitations, and Definitions

Each proposer must qualify as a small business for research or research and development (R&D) purposes as defined in the DoD SBIR solicitation and certify to this on the cover sheet of the proposal. In addition, a minimum of one-half of the effort must be performed by the proposing firm. The percent of work is usually measured by both direct and indirect costs, although proposers planning to subcontract a significant fraction of their work should verify how it will be measured with their DoD contracting officer during contract negotiations. The primary employment of the principal investigator must be with the small business firm at the time of the award and during the conduct of the proposed effort. Primary employment means that more than one-half of the principal investigator's time is spent with the small business. Primary employment with a small business concern precludes full-time employment at another organization. Deviations from these requirements must be approved in writing by the contracting officer.

All research or R&D work must be performed by the small business concern in the United States. "United States" means the fifty states, the Territories and possessions of the U.S., the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the District of Columbia. Joint ventures and limited partnerships are permitted, provided that the entity created qualifies as a small business in accordance with the Small Business Act, 15 USC 631, and the definition included in the DoD SBIR or STTR solicitation.

I. General Proposal Format

Phase II proposers must submit a direct, concise, and informative research or R&D proposal of no more than forty (40) pages, excluding attachments, with a total for both not to exceed 60 pages, (Use a type size no smaller than a 10-point font on standard 8 ½ " x 11" paper with one inch margins for the technical proposal. Two-column format is not allowed). Promotional and non-project related items are discouraged and will NOT BE EVALUATED. Include all items listed below in the order given. The space allocated to each will depend on the problem chosen and the principal investigator's approach. All pages shall be numbered. It is the responsibility of each proposer to determine the number of pages devoted to each section to adequately present the Phase II proposal.

The technical proposal (including electronic cost proposal and cover sheets) must not exceed 40 pages. The company commercialization does not count toward the 40-page limit. Appendices should not exceed 20 pages and if used, may include information that is non-essential to understanding the proposal, but may present information that further clarifies a point without burdening the body of the technical proposal. An appendix is *optional*. Please note, only that information provided in the technical proposal (pg. 1-40, including coversheets, cost proposal and Company Commercialization Report) will be considered by the evaluator. Evaluator review of any appendix material is optional. The appendix section should be clearly marked and paginated as appendices (see page 7-8 for guidance on format).

J. Proposal Submission

Please follow upload instructions provided by DoD. If you are unfamiliar with or have and issues (technical problem or questions on navigation) on the submission site, contact the DoD help desk at 866-724-7457 for assistance. It may also be beneficial to watch the tutorial available at: http://www.dodsbir.net/tutorial/

- 1. Electronically submit the following documents via the DoD Electronic Submission Web Site (www.dodsbir.net/submission).
 - a. Cover Sheets
 - b. Cost Proposal: The cost proposal shall be submitted using the DoD Electronic Submission Web Site Cost Proposal page, with detailed backup included in the Technical Proposal. There will be no exceptions allowed.
 - c. Company Commercialization Report
 - d. Technical proposal maximum 40 pages (including appendices maximum 20 pages)
 - e. Two-page commercialization strategy (part of the technical proposal) see part (6) on page 5 of these instructions for details on what this strategy should address.
- 2. DARPA will not accept any Phase II proposal not submitted in it's entirety via the DoD submission site. Be sure to include your Phase I Proposal Number and Topic Number in the appropriate field of the Cover Sheet.
- 3. LOCK YOUR PROPOSAL. Once submitted, your proposal is locked from further changes and will display "Locked" under the Action/ Status column on the of the proposal grid. If you have any questions, please contact the Help Desk at 866-SBIRHLP (866-724-7457). Proposals that have not been locked by the submitter may be locked by DARPA. Proposals that are manually locked will receive a "courtesy call" from the DARPA SBIR/STTR Program Management Office to verify whether or not there was an intention to submit. Your proposal due date is included in your Phase II Invitation letter. Please plan to submit early.
- 4. Submit your proposal package to DARPA.
- 5. Please Note: An invitation to submit is not an authorization to incur any costs nor is it a commitment to enter into negotiations on a potential SBIR award. Phase II proposals will be subject to a technical review process similar to Phase I. DARPA is not responsible for any monies expended by the proposer before award of a contract.

PHASE II PROPOSAL FORMAT (FROM SECTION 3.7 OF THE DOD SOLICITAION)

A Phase II proposal can be submitted only by a Phase I awardee and only in response to a request from the agency. Classified proposals are not accepted under the DoD SBIR Program. Follow Phase II proposal instructions described in Section 3.0 of the program solicitation at www.dodsbir.net/solicitation and Component-specific instructions provided in the Phase II invitation. Each Phase II proposal must contain a Proposal Cover Sheet, technical proposal, cost proposal and a Company Commercialization Report submitted through the DoD Electronic Submission Web Site by the deadline specified in the invitation. Below is a general outline.

Proposal Cover Sheets: On the DoD Electronic Submission Web Site (www.dodsbir.net/submission), prepare Phase II Proposal Cover Sheets, including a brief technical abstract of the proposed R&D project and a discussion of anticipated benefits and potential commercial applications. Once you save the coversheet, the system will assign a proposal number. You may edit the coversheet as often as necessary until the solicitation closes. Your cover sheets will count as the first two pages of your proposal no matter how they print out. If your proposal is selected for award, the technical abstract and discussion of anticipated benefits will be publicly released on the Internet; therefore, do not include proprietary or classified information in these sections.

Technical Proposal: Create a <u>single</u> file that covers the following items <u>in the order given below</u>. Begin your technical proposal on Page 3 (since the cover sheets are pages 1 and 2) and put your firm name, topic number and proposal number in the header of each page. (The header may be included in the one inch margins.) The technical proposal file must be in Portable Document Format (PDF) for evaluation purposes. You can not upload the technical proposal to the DoD Submission site until you have created a coversheet and been assigned a proposal number. Perform a virus check before uploading the technical proposal file. If a virus is detected, it may cause rejection of the proposal. The technical proposal should be a <u>single</u> file, including graphics and attachments (and cost proposal if not using the Web Site's on-line cost proposal form). **Do <u>not</u> lock or encrypt the file you upload**.

- (1) Significance of the Problem and Results of Phase I work. Define the specific technical problem or opportunity addressed and its importance. Discuss the objective of the Phase I effort, the type of research conducted, findings or results of this research and technical feasibility. (Begin on Page 3 of your proposal.)
- (2) Phase II Technical Objectives. Enumerate the specific objectives of the Phase II work, and describe the technical approach and methods to be used in meeting these objectives.
- (3) Phase II Work Plan. Provide an explicit, detailed description of the Phase II approach. If a Phase II option is required or allowed by the Component to which you are submitting, it should describe appropriate research activities which would commence at the end of the Phase II should the Component elect to exercise the option. The plan should indicate what is planned, how and where the work will be carried out, a schedule of major events and the final product to be delivered. The methods planned to achieve each objective or task should be discussed explicitly and in detail. This section should be a substantial portion of the total proposal.
- (4) Related Work. Describe significant activities directly related to the proposed effort, including any conducted by the principal investigator, the proposing firm, consultants or others. Describe how these activities interface with the proposed project and discuss any planned coordination with outside sources. The proposal must persuade reviewers of the proposer's awareness of the state of the art in the specific topic. Describe previous work not directly related to the proposed effort but similar. Provide the following: (1) short description, (2) client for which work was performed (including individual to be contacted and phone number) and (3) date of completion.

- (5) Relationship with Future Research or Research and Development.
 - i. State the anticipated results of the proposed approach if the project is successful.
 - ii. Discuss the significance of the Phase II effort in providing a foundation for Phase III research and development or commercialization effort.
- (6) Commercialization Strategy. Each Phase II proposal must contain a two-page commercialization strategy as part of the technical proposal describing your company's strategy for commercializing this technology in DoD, other Federal Agencies and/or private sector markets. Provide specific information on the market need the technology will address and the size of the market. In addition, address the following questions:
 - i. What is the first product that this technology will go into?
 - ii. Who will be your customers, and what is your estimate of the market size?
 - iii. How much money will you need to bring the technology to market, and how will you raise that money?
 - iv. Does your company contain marketing expertise and, if not, how do you intend to bring that expertise into the company?
 - v. Who are your competitors, and what is your price and/or quality advantage over your competitors?
 - vi. The commercialization strategy must also include a schedule showing the quantitative commercialization results from the Phase II project that your company expects to report in its Company Commercialization Report Updates one year after the start of Phase II, at the completion of Phase II and after the completion of Phase II. Additional instructions regarding Phase II proposal preparation and submission are provided or made available by the DoD Components in the Phase II proposal invitation.
- (7) Key Personnel. Identify key personnel who will be involved in the Phase II effort including information on directly related education and experience. A concise resume of the principal investigator, including a list of relevant publications (if any), must be included. All resumes count toward the page limitation. Identify any foreign nationals you expect to be involved on this project, country of origin and level of involvement.
- (8) Facilities/Equipment. Describe available instrumentation and physical facilities necessary to carry out the Phase II effort. Items of equipment to be purchased (as detailed in the cost proposal) shall be justified under this section. Also state whether or not the facilities where the proposed work will be performed meet environmental laws and regulations of federal, state (name) and local Governments for, but not limited to, the following groupings: airborne emissions, waterborne effluents, external radiation levels, outdoor noise, solid and bulk waste disposal practices and handling and storage of toxic and hazardous materials.
- (9) Subcontactors/Consultants. **THE FOLLOWING PERTAINS TO SBIR ONLY**: Involvement of a university or other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost proposal. A minimum of one-half of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the proposing firm, unless otherwise approved in writing by the contracting officer. No portion of a SBIR award may be subcontracted back to any Federal government agency, including Federally Funded Research and Development Centers (FFRDCs). SBA may issue a case-by-case waiver to this provision after review of the DoD component's written justification that includes the following information: (a) an explanation of why the SBIR research project requires the use of the Federal facility or personnel, including data that verifies the absence of non-federal facilities or personnel capable of supporting the research effort; (b) why the Agency will not and cannot fund the use of the Federal facility or personnel for the SBIR project with non-SBIR money; and (c) the concurrence of the small business concern's chief business official to use the Federal facility or personnel. Award is contingent on the sponsoring agency obtaining a waiver.

DARPA has amended these DoD instructions to clarify information FOR STTR: Involvement of other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost proposal. A minimum of 40% of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the proposing firm and a minimum of 30% must be performed by the Research Institution (RI), unless otherwise approved in writing by the contracting officer. No portion of a STTR award may be subcontracted back to any Federal government agency. SBA may issue a case-by-case waiver to this provision after review of the DoD component's written justification that includes the following information: (a) an explanation of why the STTR research project requires the use of the Federal facility or personnel, including data that verifies the absence of non-federal facilities or personnel capable of supporting the research effort; (b) why the Agency will not and can not fund the use of the Federal facility or personnel for the STTR project with non-STTR money; and (c) the concurrence of the small business concern's chief business official to use the Federal facility or personnel. Award is contingent on the sponsoring agency obtaining a waiver.

(10) Prior, Current or Pending Support of Similar Proposals or Awards. Warning -- While it is permissible, with proposal notification, to submit identical proposals or proposals containing a significant amount of essentially equivalent work for consideration under numerous federal program solicitations, it is unlawful to enter into contracts or grants requiring essentially equivalent effort. If there is any question concerning this, it must be disclosed to the soliciting agency or agencies before award.

Reporting Prior, Current or Pending Support of Similar Proposals or Awards

If a proposal submitted in response to this solicitation is substantially the same as another proposal that has been funded, is now being funded or is pending with another Federal Agency or DoD Component or the same DoD Component, the proposer must so indicate on the Proposal Cover Sheet and provide the following information:

- a. Name and address of the Federal Agency(s) or DoD Component to which a proposal was submitted, will be submitted, or from which an award is expected or has been received.
- b. Date of proposal submission or date of award.
- c. Title of proposal.
- d. Name and title of principal investigator for each proposal submitted or award received.
- e. Title, number and date of solicitation(s) under which the proposal was submitted, will be submitted or under which award is expected or has been received.
- f. If award was received, state contract number.
- g. Specify the applicable topics for each SBIR proposal submitted or award received.

Note: If this section does not apply, state in the proposal "No prior, current, or pending support for proposed work."

Cost Proposal. Complete the cost proposal in the format shown in the Cost Breakdown Guidance using the on-line cost proposal form on the DoD Electronic Submission Web Site (with detailed backup included in the Technical Proposal). Some items in the Cost Breakdown Guidance may not apply to the proposed project. If such is the case, there is no need to provide information on each and every item. What matters is that enough information be provided to allow the DoD Component to understand how the proposer plans to use the requested funds if the contract is awarded.

- 1. List all key personnel by name as well as by number of hours dedicated to the project as direct labor.
- 2. Special tooling and test equipment and material cost may be included. The inclusion of equipment and material will be carefully reviewed relative to need and appropriateness for the work proposed. The purchase of special tooling and test equipment must, in the opinion of the Contracting Officer, be advantageous to the Government and should be related directly to the specific topic. These may include such items as innovative instrumentation and/or automatic test equipment. Title to property furnished by the Government or acquired with Government funds

- will be vested with the DoD Component, unless it is determined that transfer of title to the contractor would be more cost effective than recovery of the equipment by the DoD Component.
- 3. Cost for travel funds must be justified and related to the needs of the project.
- 4. Cost sharing is permitted for proposals under this solicitation; however, cost sharing is not required nor will it be an evaluation factor in the consideration of a Phase II proposal.
- 5. A Phase II Option (if applicable) should be fully costed separately from the Phase II (base) approach. The on-line cost proposal form (if applicable) will count as one page no matter how it prints out. Additional cost proposal information may be required at the end of your technical proposal (See Component Invitation Instructions).

When a proposal is selected for award, the proposer should be prepared to submit further documentation to its DoD contracting officer to substantiate costs (e.g., a brief explanation of cost estimates for equipment, materials, and consultants or subcontractors). For more information about cost proposals and accounting standards, see the DCAA publication called "Information for Contractors" available at www.dcaa.mil.

Company Commercialization Report: If your firm is submitting a Phase I or Phase II proposal, it is required to prepare a Company Commercialization Report through the password-protected DoD Electronic Submission Web Site (www.dodsbir.net/submission). If you submit a proposal, you must submit a company commercialization report whether or not you have previously received SBIR or STTR awards. As instructed on the Web Site, list in the Report the quantitative commercialization results of your firm's prior Phase II projects, including the items such as sales revenue, additional investment, as well as other information relative to your firm's commercialization track record. All prior Phase II projects must be reported, regardless of whether the project has any commercialization to date. The Web Site will then compare these results to the historical averages for the DoD SBIR Program to calculate a Commercialization Achievement Index (CAI) value. Only firms with four or more completed Phase II projects will receive a CAI score; otherwise the CAI is N/A. Firms with a CAI at the 15th percentile or below may receive no more than half of the evaluation points available for commercial potential criteria. This report need only be prepared once and submitted with all your proposals.

As noted on the Web Site, your firm may also, at its option, include at the end of the Report additional, explanatory material (no more than five pages) relating to the firm's record of commercializing its prior SBIR or STTR projects, such as: commercialization successes (in government and/or private sector markets) that are not fully captured in the quantitative results (e.g. commercialization resulting from your firm's prior Phase I projects); any mitigating factors that could account for low commercialization; and recent changes in the firm's organization or personnel designed to increase the firm's commercialization success. The Company Commercialization Report and additional explanatory material (if any) will not be counted toward the page limit for Phase II proposals. A Report showing that a firm has received no prior Phase II awards will not affect the firm's ability to obtain an STTR award.

Page Numbering and Format

Number all pages of your proposal consecutively. The cover sheets are pages 1 and 2. The technical proposal begins on page 3. Use no type smaller than 10-point on standard 8½" x 11" paper with one-inch margins. The header on each page of the technical proposal should contain your company name, topic number and proposal number assigned by the DoD Electronic Submission Web site when the cover sheet was created. The header may be included in the one-inch margin.

Appendix Format

An Appendix contains information that is non-essential to understanding of the proposal, but may present information that further clarifies a point without burdening the body of the technical proposal. An appendix is *optional*. Each Appendix should be identified by a Roman numeral in sequence, e.g., Appendix II, etc. Each appendix should contain different material. The appendix footer should contain the page number

(following the sequence used for the entire proposal) and the appendix label (ex. Appendix I). Please note, only that information provided in the technical proposal (pg. 1-40, including coversheets, cost proposal and CCR) will be considered by the evaluator. Evaluator review of any appendix material is optional.

Remember to...

- Use a type size no smaller than a 10-point font on standard 8 ½ " x 11" paper with one inch margins for the technical proposal. Two-column format is not allowed.
- The header on each page of your technical proposal should contain your company name, topic number and proposal number assigned by the Web Site when you created your Phase II Cover Sheet. (The header may be included in the one-inch margins.)
- Number all pages of your proposal consecutively. The Cover Sheets are pages 1 and 2. The technical proposal begins on page 3.
- The proposal cost adheres to the Component criteria specified and the cost on the cover sheets matches the cost on the cost proposal.
- The Project Abstract and other content provided on the Cover Sheets contains NO proprietary information. Mark proprietary information within the technical proposal.
- Limit your proposal to 40 pages and appendices to 20 pages. The Company Commercialization Report is excluded from the page count.
- In the interest of equity, pages in excess 60 pages (including attachments, appendices, or references, but excluding the Company Commercialization Report) will not be considered for review or award.
- Remove marketing materials
- Remember reference information provided via Universal Resource Locator (URL) links, computer disks, CDs, DVDs, video tapes or any other medium **will not be accepted or considered in the proposal evaluation**.

Knowingly and willfully making any false, fictitious or fraudulent statements or representations may be a felony under the Federal Criminal False Statement Act (18 U.S.C. Sec 1001), punishable by a fine of up to \$10,000, up to five years in prison or both.

K. Special Provisions

Security Requirements: If a proposed effort is classified or classified information is involved, the offeror must have, or obtain, a security clearance in accordance with the Industry Security Manual for Safeguarding Classified Information (DOD 5220.22M).

L. Contract Data Requirements List (DD Form 1423)

The DD Form 1423 is applicable to the proposed procurement.

M. Method of Selection and Evaluation Criteria

DARPA will use the Phase II Evaluation criteria in Section 4.3 of the solicitation, including potential benefit to DARPA and ability to transition the technology into an identified system, in assessing and selecting for award those proposals offering the best value to the Government.

As funding is limited, DARPA reserves the right to select and fund only those proposals considered to be of superior quality and highly relevant to the DARPA mission. As a result, DARPA may fund more than one proposal in a specific topic area if the quality of the proposals is deemed superior and are highly relevant to the DARPA mission, or it may not fund any proposals in a topic area. Each proposal submitted to DARPA must have a topic number and must be responsive to only one topic.

N. Assessing Commercial Potential of Proposals

DARPA is particularly interested in the potential transition of SBIR project results to the U.S. military, and expects explicit discussion of a transition vision in the commercialization strategy part of the proposal. That vision should include identification of the problem, need or requirement in the Department of Defense that the SBIR project results would address; a description of how wide-spread and significant the problem, need or requirement is; identification of the potential end-users (Army, Navy, Air Force, SOCOM, etc.) who would likely use the technology; and the operational environments and potential application area(s).

Technology commercialization and transition from Research and Development activities to fielded systems within the DoD is challenging. Phase I is the time to plan for and begin transition specific activities. The small business must convey an understanding of the transition path or paths to be established during the Phase I and II projects. That plan should include the Technology Readiness Level (TRL) at the start and end of the Phase II. The plan should also include a description of targeted operational environments and priority application areas for initial Phase III transition; potential Phase III transition funding sources; anticipated business model and identified commercial and federal partners the SBIR company has identified to support transition activities. Also include key proposed milestones anticipated during Phase I, II or beyond Phase II that include, but are not limited to prototype development, laboratory and systems testing, integration, testing in operational environment and demonstrations.

O. Contractual Considerations

- **1. Reports:** Typical reports considered for this effort are as specified on the Document Summary List and Report Distribution List. (These reports are generated during contract negotiations.)
- **2. Payment Schedule:** Payment will be made in accordance with General Provisions FAR 523.216-7, *Allowable Cost and Payments*.
- **3. Copyrights:** To the extent permitted by statute, the awardee may copyright (consistent with appropriate national security considerations, if any) material developed with DoD support. DoD receives a royalty-free license for the Federal Government and requires that each publication contain an appropriate acknowledgement and disclaimer statement.
- **4. Patents:** Small business firms normally may retain the principal worldwide patent rights to any invention developed with government support. The Government receives a royalty-free license for its use, reserves the right to require the patent holder to license others in certain limited circumstances and requires that anyone exclusively licensed to sell the invention in the U.S. must normally manufacture it domestically. To the extent authorized by 35 USC 205, the Government will not make public any information disclosing a government-supported invention for a period of five years to allow the awardee to pursue a patent.
- 5. Technical Data: Rights in technical data, including software, developed under the terms of any contract resulting from proposals submitted in response to a DoD SBIR Solicitation generally remain with the contractor, except that the Government obtains a royalty-free license to use such technical data only for government purposes during the period commencing with contract award and ending five years after completion of the project under which the data were generated. Upon expiration of the five-year restrictive license, the Government has unlimited rights in the SBIR/STTR data. During the license period, the Government may not release or disclose SBIR/STTR data to any person other than its support services contractors, except:
 - I. For evolutional purposes
 - II. As expressly permitted by the contractor
 - III. A use, release, or disclosure that is necessary for emergency repair or overhaul of items operated by the Government. See

IV. FAR clause 52.227-20, "Rights in Data - SBIR Program" and DFARS 252.227-7018, "Rights in Noncommercial Technical Data and Computer Software - SBIR Program."

P. Marking of Proprietary or Classified Proposal Information

The provisions cited in the DoD SBIR Program Solicitation on the marking of proprietary or classified proposal information are included by reference in section 5.6 of the DoD solicitation (https://www.dodsbir.net/solicitation/).

Q. Phase II Report

All DARPA Phase I and Phase II awardees are required to submit a final report, which is due within 60 days following completion of the technical period of performance and must be provided to the individuals identified in Exhibit A of the contract. Please contact your contracting officer immediately if your final report may be delayed.

R. Foreign National

DARPA topics are unclassified; however, the subject matter may be considered to be a "critical technology" and therefore subject to ITAR restrictions. ALL offerors proposing to use foreign nationals MUST disclose this information regardless of whether the topic is subject to ITAR restrictions. If the offeror proposes to use foreign nationals, identify the foreign national(s) you expect to be involved on this project as a direct employee, subcontractor or consultant, and the individual's country of origin. For these individuals, please specify the type of visa or work permit under which they are performing and an explanation of their anticipated level of involvement on this project. You may be asked to provide additional information during negotiations in order to verify the foreign citizen's eligibility to participate on a contract issued as a result of this solicitation. See **Export Control** requirements below in Section "S". Refer to section 2.15 of the most recent DoD SBIR or STTR solicitation (https://www.acq.osd.mil/osbp/sbir/solicitations/) for definitions of what constitutes a foreign national.

S. Export Control

The following will apply to all projects with military or dual-use applications that develop beyond fundamental research (basic and applied research ordinarily published and shared broadly within the scientific community):

- (1) The Contractor shall comply with all U. S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this contract. In the absence of available license exemptions/exceptions, the Contractor shall be responsible for obtaining the appropriate licenses or other approvals, if required, for exports of (including deemed exports) hardware, technical data, and software, or for the provision of technical assistance.
- (2) The Contractor shall be responsible for obtaining export licenses, if required, before using foreign persons in the performance of this contract, including instances where the work is to be performed on-site at any Government installation (whether in or outside the United States), where the foreign person will have access to export-controlled technologies, including technical data or software.
- (3) The Contractor shall be responsible for all regulatory record keeping requirements associated with the use of licenses and license exemptions/exceptions.
- (4) The Contractor shall be responsible for ensuring that the provisions of this clause apply to its subcontractors.

Please visit $\underline{\text{http://www.pmddtc.state.gov/regulations_laws/itar.html}}$ for more detailed information regarding ITAR requirements.

T. Publication Approval (Public Release)

NSDD 189 established the national policy for controlling the flow of scientific, technical, and engineering information produced in federally funded fundamental research at colleges, universities, and laboratories. The directive defines fundamental research as follows: "Fundamental research" means basic and applied research in science and engineering, the results of which ordinarily are published and shared broadly within the scientific community, as distinguished from proprietary research and from industrial development, design, production and product utilization, the results of which ordinarily are restricted for proprietary or national security reasons."

It is DARPA's goal to eliminate pre-publication review and other restrictions on fundamental research except in those exceptional cases when it is in the best interest of national security. Please visit http://www.darpa.mil/NewsEvents/Public_Release_Center.public_Release_Center.aspx for additional information and applicable publication approval procedures. Visit http://dtsn.darpa.mil/fundamentalresearch/ to verify whether or not your award has a pre-publication review requirement.

U. Human and/or Animal Use

Your topic may have been identified by the program manager as research involving Human and/or Animal Use. In accordance with DoD policy, human and/or animal subjects in research conducted or supported by DARPA shall be protected. Although these protocols were most likely not needed to carry out the Phase I, significant lead time is required to prepare the documentation and obtain avoid delay of the Phase Please approval in order to award http://www.darpa.mil/WorkArea/DownloadAsset.aspx?id=1065 to review the Human and Animal Use PowerPoint presentation(s) to understand what is required to comply with human and/or animal protocols.

- 1. **Human Use:** All research involving human subjects, to include use of human biological specimens and human data, selected for funding must comply with the federal regulations for human subject protection. Further, research involving human subjects that is conducted or supported by the DoD must comply with 32 CFR 219, *Protection of Human Subjects* (http://www.access.gpo.gov/nara/cfr/waisidx_07/32cfr219_07.html) and DoD Directive 3216.02, *Protection of Human Subjects and Adherence to Ethical Standards in DoD-Supported Research* (http://www.dtic.mil/whs/directives/corres/pdf/321602p.pdf).
 - o Institutions awarded funding for research involving human subjects must provide documentation of a current Assurance of Compliance with Federal regulations for human subject protection, for example a Department of Health and Human Services, Office of Human Research Protection Federal Wide Assurance (http://www.hhs.gov/ohrp). All institutions engaged in human subject research, to include subcontractors, must also have a valid Assurance. In addition, personnel involved in human subjects research must provide documentation of completing appropriate training for the protection of human subjects.
 - of the project, the institution must provide evidence of or a plan for review by an Institutional Review Board (IRB) upon final proposal submission to DARPA. The IRB conducting the review must be the IRB identified on the institution's Assurance. The protocol, separate from the proposal, must include a detailed description of the research plan, study population, risks and benefits of study participation, recruitment and consent process, data collection, and data analysis. Consult the designated IRB for guidance on writing the protocol. The informed consent document must comply

with federal regulations (32 CFR 219.116). A valid Assurance along with evidence of appropriate training for all investigators should accompany the protocol for review by the IRB.

- o In addition to a local IRB approval, a headquarters-level human subjects regulatory review and approval is required for all research conducted or supported by the DoD. The Army, Navy or Air Force office responsible for managing the award can provide guidance and information about their component's headquarters-level review process. Note that confirmation of a current Assurance and appropriate human subjects protection training is required before headquarters-level approval can be issued.
- The amount of time required to complete the IRB review/approval process may vary depending on the complexity of the research and/or the level of risk to study participants. Ample time should be allotted to complete the approval process. The IRB approval process can last between one to three months, followed by a DoD review that could last between three to six months. No DoD/DARPA funding can be used towards human subjects research until ALL approvals are granted.
- 2. **Animal Use:** Any Recipient performing research, experimentation, or testing involving the use of animals shall comply with the rules on animal acquisition, transport, care, handling and use in: (i) 9 CFR parts 1-4, Department of Agriculture rules that implement the Laboratory Animal Welfare Act of 1966, as amended, (7 U.S.C. 2131-2159); (ii) the guidelines described in National Institutes of Health Publication No. 86-23, "Guide for the Care and Use of Laboratory Animals"; (iii) DoD Directive 3216.01, "Use of Laboratory Animals in DoD Program."
 - For submissions containing animal use, proposals should briefly describe plans for Institutional Animal Care and Use Committee (IACUC) review and approval. Animal studies in the program will be expected to comply with the PHS Policy on Humane Care and Use of Laboratory Animals, available at http://grants.nih.gov/grants/olaw/olaw.htm.
 - O All Recipients must receive approval by a DoD certified veterinarian, in addition to an IACUC approval. No animal studies may be conducted using DoD/DARPA funding until the USAMRMC Animal Care and Use Review Office (ACURO) or other appropriate DoD veterinary office(s) grant approval. As a part of this secondary review process, the Recipient will be required to complete and submit an ACURO Animal Use Appendix, which may be found at https://mrmc-www.army.mil/index.cfm?pageid=Research_Protections.acuro&rn=1.

V. Notification of Proposal Receipt

DARPA will send each offeror an e-mail acknowledging receipt of proposal.

W. Information on Proposal Status

All letters notifying offerors of selection or non-selection will be sent via e-mail to the person listed as the "Corporate Official" on the proposal.

X. Debriefing of Unsuccessful Offerors

DARPA will provide debriefings to offerors in accordance with FAR Subpart 15.5. Once the source selection is complete, the Corporate Official (CO) indicated on the Proposal Coversheet will receive an e-mail regarding proposal status. The notification letter will provide instructions regarding the

ability to request a proposal debriefing. Small Businesses will receive a notification for each proposal submitted. Please read each notification carefully and note the proposal number and topic number referenced. All communication from the DARPA SBIR/STTR Program management will originate from the sbir@darpa.mil e-mail address. Please white-list this address in your company's spam filters to ensure timely receipt of communications from our office.

Y. Useful Links

- a. DoD SBIR/STTR Desk Reference: http://www.acq.osd.mil/osbp/sbir/deskreference/index.htm
- b. DoD proposal preparation instructions and requirements, program description, definitions, methods of selection and evaluation criteria, and contracting information: https://www.dodsbir.net/solicitation/
- c. DARPA Website: http://www.darpa.mil/